



CENTRAL INTELLIGENCE AGENCY

THE PRESIDENT'S DAILY BRIEF



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13 SEPTEMBER 1966

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1. North Vietnam

Hanoi's ability to earn foreign exchange is being reduced as its sea trade with the Free World declines. This is discussed at Annex.

2. United Nations

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3. West Germany

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The embassy in Bonn comments that Erhard's impending visit to the US played a part in bringing about party unity, but that dissidents made their point by serving notice that changes cannot be indefinitely delayed.

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4. United Kingdom

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5. Rhodesia

Prime Minister Wilson and African Commonwealth members are far apart in their ideas on how to bring the Rhodesian regime to terms. Wilson has refused to promise majority rule as a condition for Rhodesian independence, and he has not yielded to African demands for mandatory United Nations sanctions against shipment of oil to Rhodesia.

Wilson did ask the Commonwealth Conference to support sanctions against Rhodesian exports to be proposed at the forthcoming UN session. These would deny Rhodesia's access to world markets for its chrome, pig iron, and asbestos. Wilson also suggested that Commonwealth members provide airlift and other transport assistance to Zambia.

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6. Indonesia

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ANNEX

The Decline in Free World Shipping to North Vietnam

One of the most drastic consequences of the war for Hanoi has been the disruption of its small but important sea trade with the Free World.

In 1965, an average of 21 Free World ships per month arrived in North Vietnamese ports--the monthly average now is three. Most of these latter are under charter to Communist China or owned by Chinese-controlled companies.

Restrictive steps, formal or informal, taken by several of the major Western shipping nations are the main reason for the decline. A secondary cause is that Hanoi has a shortage of products available for export and is hampered in moving the export items it does have through normal ports. Coal is a prime example.

Seaborne export of coal from the port of Cam Pha was halted by air strikes in April. Normally 90 percent of North Vietnam's coal is shipped through Cam Pha. A prolonged reduction in coal exports will have a serious effect on Hanoi's foreign exchange earnings as 25 percent of those earnings are derived from sales of coal.

All told, we estimate the North Vietnamese have lost about \$11.5 million in exports since the air strikes began. This, in turn, further reduces their ability to make needed purchases in the non-Communist world.

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